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Info. Hearings (February/2006) (Invest Wisconsin)

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## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2005-06

(session year)

### Senate

(Assembly, Senate or Joint)

### Committee on ... Job Creation, Economic Development and Consumer Affairs (SC-JCEDCA)

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

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# GROCERS

## How Do Wisconsin Sales and Use Taxes Affect Your Operations?



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## IMPORTANT CHANGES

**Exempt Food, Food Products, and Beverages.** Frosting, fruit cocktail (container of mixed fruit pieces), and iced coffee have been added to the list of exempt items. Page 4.

**Taxable Food, Food Products, and Beverages.** Honey roasted peanuts have been added to the list of taxable items. Page 5.

**Salad Bars and Food Bars.** Clarification is made that certain sales from self-serve salad bars and food bars for consumption off the seller's premises are exempt. Pages 13 and 14.

**Vending Machine Sales.** The tax treatment of certain vending machine sales changed effective July 1, 2001. Pages 4, 21-23.

**Video Tape Rewind Fees.** The tax treatment of video tape rewind fees has been changed to reflect the Dane County Circuit Court's July 20, 2000 decision in *City of Milwaukee v. Wisconsin Department of Revenue (CCH 400-513)*. Page 23.

**Football Stadium Tax.** A football stadium district sales and use tax became effective in Brown County on November 1, 2000. Page 32.

**Office Closings.** Department of Revenue offices in Waupaca and Shawano have been closed and offices in West Bend and Manitowoc will close October 31, 2001.

## CAUTION

- The information in this publication reflects interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of October 1, 2001. Laws enacted after that date, new administrative rules, and court decisions may change the interpretations in this publication.
- The examples and lists of taxable and nontaxable sales and purchases provided in this publication are not all-inclusive. They merely set forth common examples.

## I. INTRODUCTION

### A. General

This publication explains how Wisconsin sales and use taxes affect grocers.

**Note:** Certain sales and purchases by grocery stores which are subject to the 5% state sales and use tax may also be subject to the: (a) 0.5% county sales and use tax, (b) 0.1% baseball stadium sales and use tax, (c) 0.5% football stadium tax, (d) 0.25% food and beverage local exposition tax, and (e) 0.5% premier resort area sales tax. Additional information about these taxes is contained in the following:

- (a) County tax: Publication 201, *Wisconsin Sales and Use Tax Information*, Section XVIII.
- (b) Baseball and football stadium tax: Publication 201, *Wisconsin Sales and Use Tax Information*, Section XVIII. Applies to sales and purchases made in Brown, Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties.
- (c) Local exposition taxes: Publication 410, *Local Exposition Taxes*. Applies to sales and purchases of certain lodging, food and beverages and car rentals in municipalities wholly or partially within Milwaukee County.
- (d) Premier resort area tax: Publication 403, *Premier Resort Area Tax*. Applies to sales by certain types of retailers of tangible personal property and taxable services in the Village of Lake Delton and City of Wisconsin Dells.

Publications 201, 403 and 410 are available from any of the Department of Revenue offices listed on page 34 of this publication.

## B. Seller's Permit

### 1. Who Needs a Seller's Permit?

Every person engaged in the business of selling taxable tangible personal property or taxable services in Wisconsin must have a seller's permit for each location. The seller's permit shows that a person is properly registered with the Department of Revenue, as required by law.

### 2. Applying For a Permit

Form A-101, Application for Permit/Certificate, which is available from any department office, is used to apply for a seller's permit. The completed form should be mailed to the department at least three weeks before business operations begin.

## C. Filing Tax Returns and Payment of Tax

Grocery stores holding a seller's permit must file a sales and use tax return (Form ST-12) for each reporting period. A reporting period may be monthly, quarterly, or annual, depending on the grocery store's tax liability. The department notifies permit holders of their reporting period and the due date for filing the returns.

## D. Tax Rate

The tax rate of 5% is the same for both the Wisconsin sales and use tax. Sales tax is based upon gross receipts from retail sales. Use tax is based upon the purchase price of the property or service purchased.

**Note:** An additional 0.5% county sales and use tax, 0.1% baseball stadium sales and use tax, 0.5% football stadium sales and use tax, 0.25% local exposition tax, and 0.5% premier resort area sales tax is also imposed on certain sales and purchases of tangible personal property and taxable services. See Parts IV, V, VI, VII, and VIII on pages 32 and 33 of this publication for additional information.

## E. Difference Between the Wisconsin Sales and Use Tax

### 1. Sales Tax

The Wisconsin sales tax is a 5% tax imposed on the total sales of retailers who sell, lease, or rent tangible personal property or taxable services at retail in Wisconsin, unless a specific exemption applies. All sales are considered taxable retail sales, unless the seller receives an exemption certificate claiming resale (Form S-211) or other appropriate exemption certificate from the buyer, and which the seller accepts in good faith.

*Example:* Sales of canned soft drinks to a customer by a grocery store are subject to Wisconsin sales tax. However, sales of soft drinks by the bottler to the grocery store are not subject to Wisconsin sales tax because the grocery store is going to resell the soft drinks. The grocery store must provide an exemption certificate claiming resale to the bottler.

### 2. Use Tax

The Wisconsin use tax is a 5% tax imposed on the purchase price of taxable tangible personal property or taxable services that are used, stored, or consumed in Wisconsin and upon which a Wisconsin sales or use tax has not previously been paid.

*Example:* A grocery store purchases floor cleaner for \$5, as an inventory item for resale, and does not pay sales tax at the time of purchase. Rather than reselling the floor cleaner, the grocery store uses the floor cleaner to clean its own floors. Since the grocery store did not resell the floor cleaner, the grocery store is required to remit use tax to the department on its purchase price of the floor cleaner (\$5). The use tax of \$0.25 ( $\$5 \times 5\%$  state tax rate = \$0.25) is due with the sales and use tax return the grocery store files with the department and which covers the date the floor cleaner is used in Wisconsin.

**Example:** A grocery store purchases a cash register for \$500 from a seller located outside of Wisconsin. The seller does not charge the grocery store Wisconsin sales or use tax. The grocery store is required to remit use tax to the department on its purchase price of the cash register (\$500). The use tax of \$25 ( $\$500 \times 5\%$  state tax rate = \$25) is due with the sales and use tax return the grocery store files with the department and which covers the date the cash register is first stored, used, or consumed in Wisconsin.

**Example:** A grocery store purchases a cash register for \$1,000 from a seller located outside of Wisconsin. The seller does not charge the grocery store Wisconsin sales or use tax. The cash register is stored in Wisconsin by the grocery store. The store later decides to use the cash register at one of its locations outside of Wisconsin. Since the cash register was stored in Wisconsin (even though it was subsequently used outside of Wisconsin), the grocery store is required to remit use tax to the department on its purchase price of the cash register (\$1,000). The use tax of \$50 ( $\$1,000 \times 5\%$  state tax rate = \$50) is due with the sales and use tax return the grocery store files with the department and which covers the date the cash register is first stored, used, or consumed in Wisconsin.

## II. SALES AND PURCHASES OF INVENTORY ITEMS BY GROCERS

### A. Sales and Purchases of Inventory Items

Grocers purchase and resell many different types of products. Certain products which are sold are not subject to Wisconsin sales tax, while other products are subject to Wisconsin sales tax. In addition, sales of products which are usually not subject to Wisconsin sales tax (e.g., doughnuts), but which are consumed on the grocer's premises, are subject to Wisconsin sales tax.

The following sections explain the Wisconsin sales and use tax treatment of the sales and purchases of inventory items.

### 1. Sales of Inventory Items by Grocers

Sales of tangible personal property are subject to Wisconsin sales tax, unless a specific exemption applies. There are three common reasons that certain sales made by grocers are not subject to Wisconsin sales tax. The reasons are:

- a. The grocer is selling products which qualify for the exemption for "food, food products, and beverages for human consumption."
- b. The grocer is selling products to organizations which are exempt from Wisconsin sales tax (e.g., churches, federal governmental agencies, Wisconsin state and local governmental agencies) and the organization provides the grocer with:
  1. A certificate of exemption, indicating the organization's certificate of exempt status (CES) number (**Note:** In lieu of obtaining a certificate of exemption, the grocer may record the CES number on its copy of the bill of sale), or
  2. For federal and Wisconsin (state and local) governmental agencies, which includes public school districts, an exemption certificate indicating the governmental entity's CES number or a purchase order or similar written document from the governmental agency.
- c. The grocer is selling products to customers who provide the grocer with an exemption certificate claiming resale, which the grocer accepts in good faith.



## Food, Food Products, and Beverages for Human Consumption

**Exempt Food, Food Products, and Beverages:** Most “food, food products, and beverages sold for human consumption” are not subject to Wisconsin sales tax, provided the items are **not** for consumption on the grocer’s premises, and **not** sold in a heated condition. (Note: Sales of food, food products, and beverages which are for consumption on the grocer’s premises, or sold in a heated condition are subject to Wisconsin sales tax.)

A grocer’s “premises” includes any area within the grocery store, any other area set up by the grocery store for consumption of the food items being sold to customers, and the parking lot.

Effective July 1, 2001, food, food products, and beverages sold from vending machines are considered to be sold for consumption off the grocer’s premises.

The following examples of foods, food products and beverages are not subject to Wisconsin sales tax, provided they are **not** for consumption on the grocer’s premises or sold in a heated condition:

Apple cider, sweet	Canned foods
Baby food	Catsup
Bakery goods	Cereal and cereal products
Baking powder and soda	Cheese
Barbecue sauces	Chicken
Berries	Chip dip
Biscuit mix	Chips, potato, corn, and similar items
Bouillon cubes	Chocolate, instant and baking
Bread and rolls	Citrus fruits
Breakfast pastries	Cocoa
Brownies	Coffee and coffee substitutes
Butter	Condiments
Cake mixes and flour	
Cakes, prepared, mixes, and snack type	

Cones and ice cream cups	Marshmallows
Cookies and crackers	Mayonnaise
Cooking oils	Meal
Cream	Meat and meat products
Desserts and toppings	Meat extracts and tenderizers
Dietary foods	Melons
Dinners, frozen	Milk and milk products
Doughnuts	Mustard
Dressings	Noodles
Dried fruits	Nuts, except candy or yogurt coated or honey roasted
Dried milk products	Oil, cooking, salad
Eggs	Oleomargarine
Fish and fish products	Olives
Flavoring extracts	Pancake mix
Flour	Pasta
Frosting	Peanuts, in shell or canned, salted; except candy or yogurt coated or honey roasted
Frozen desserts	Peanut butter
Frozen fruit juices	Pectins
Frozen fruits and vegetables	Pepper
Frozen pizza	Pickles
Frozen TV dinners	Pie and pie fillings
Fruit	Pie crust and mixes
Fruit cocktail (container of mixed fruit pieces)	Potato chips
Garlic	Potato salad
Gelatin	Poultry and poultry products
Granola bars, except candy or yogurt coated	Preserves
Gravy extracts and mixes	Pretzels
Grits	Puddings
Hash	Raisins
Honey	Ravioli
Ice cream, pints or larger	Relishes
Iced coffee	Rice
Jams	Rolls and biscuits
Jellies	Salad dressing
Juices, pure fruit	Salt and salt substitutes
Ketchup	Salted nuts
Lobster	Sardines
Luncheon meats	Seafood
Macaroni	Seasonings
Malted milk powder	
Maraschino cherries	
Margarine	

Sherbet	Vanilla and vanilla
Shortening	extract
Soup	Vegetable juices
Spaghetti products	Vegetables
Spices	Vinegar
Spreads	Waffle mix
Sugar	Water, unflavored,
Sweeteners	unsweetened and
Syrup	not carbonated
Tea and ice tea,	Yeast
flavored or bottled	Yogurt, except bars,
Turkey	cones, and sundaes

**Dietary Foods and Health Food Supplements:** Included in the exemption for food, food products, and beverages for human consumption are sales of dietary foods and health supplements. (Note: Sales of dietary foods and health food supplements which are: (1) consumed on the grocer's premises or (2) sold in a heated condition, are subject to Wisconsin sales tax.)

Dietary foods and health food supplements include those products which are intended to substitute, in whole or in part, for a person's ordinary diet.

Dietary foods **do not include** patent medicines, tonics, vitamins and medical-type preparations in liquid, powdered, granular, tablet, capsule, lozenge, pill, or other form used for medicinal or remedial purposes. Sales of these items are subject to Wisconsin sales tax whether or not they are consumed on the grocer's premises.

**Taxable Food, Food Products, and Beverages:** There are many foods, food products, and beverages sold in grocery stores that are subject to Wisconsin sales tax.

The following examples of foods, food products and beverages (including sales from vending machines) are subject to Wisconsin sales and use tax, whether or not they are consumed on the grocer's premises:

Beer	Intoxicating liquors
Breath mints	Lozenges
Candied fruits	Meals (see definition below)
Candy	Nuts, candy or yogurt coated or honey roasted
Candy apples	Peanuts, candy or yogurt coated or honey roasted
Carbonated beverages	Popcorn, raw or popped
Chewing gum	Powdered fruit drinks
Cocktail mixes	Raisins, candy or yogurt coated
Cod liver oil	Root beer and extracts
Confections	Sandwiches, hot or cold, but not frozen (see definition below)
Cough drops	Soda water beverages
Distilled spirits	Soft drinks
Fermented malt beverages	Taffy apples
Fruit cocktail beverages if not 100% pure fruit juice	Tonics
Fruit drinks if not 100% pure fruit juice	Vitamins
Fruit snacks, if not 100% fruit	Water, flavored, sweetened, or carbonated
Granola bars, candy or yogurt coated	Yogurt bars, cones, and sundaes
Gum	
Heated foods and beverages	
Ice cream bars and similar products	
Ice, cube and block	

"Meals," as used in this publication, include, but are not limited to, a diversified selection of food, food products, or beverages that are customarily consumed as a breakfast, lunch, or dinner, that may not easily be consumed without an article of tableware and that may not conveniently be consumed while standing or walking.

"Meals" do not include any of the following:

- Frozen items that are sold to a consumer.
- Items that are customarily heated or cooked after the retail sale and before they are consumed.
- A diversified selection of food, food products and beverages that is packaged together by a person other than the grocer before the sale to the consumer.

**Example:** A meal does not include sales of salads from a self-service salad bar because the food is packaged together by the customer and not the seller. See "Sales by Delis" on pages 13 and 14 for additional information on prepackaged food combinations.

"Sandwiches," as used in this publication, are a food that consists of a filling, such as meat, cheese, or a savory mixture, that is placed on a slice, or between two slices, of bread or something that takes the place of bread, such as a roll, croissant, or bagel.

"Sandwiches" include, but are not limited to:

- Burritos, tacos, enchiladas, or chimichangas.
- Pita sandwiches, gyros, and pocket sandwiches.

"Sandwiches" do not include:

- Hors d'oeuvres or canapés.
- Egg rolls.
- Cookies, cakes, pies, and similar desserts and pastries.
- Food that is sold frozen.

### **Prepackaged Food Combinations**

If a combination of food, food products, and beverages are packaged together with other goods by a person other than the grocer before the grocer makes the sale to the final consumer and 50% or more of the sales price of the package is attributable to goods that are exempt from Wisconsin sales or use tax, the total selling price of the combined package is exempt from Wisconsin sales or use tax.

If less than 50% of the sales price is attributable to goods that are exempt from Wisconsin sales or use tax, that portion of the selling price attributable to the taxable items is subject to Wisconsin sales or use tax.

**Example:** A grocery store sells to a consumer a package that contains crackers, meat, cheese, candy, and a fruit drink that

is not a fruit juice. The grocery store purchased the package from Company A. Of the grocery store's \$2 selling price, \$1.50 is attributable to the meat, cheese, and crackers (exempt items) and \$0.50 is attributable to the candy and fruit drink (taxable items). Since 50% or more of the selling price of the package is attributable to food that is exempt from Wisconsin sales or use tax, the entire \$2 selling price is exempt from Wisconsin sales or use tax.

**Example:** A grocery store sells to a consumer a package that contains a sandwich, pretzels, cookies, and a fruit drink that is not a fruit juice. The grocery store purchased the package from Company A. Of the grocery store's \$2 selling price, \$1.50 is attributable to the sandwich and fruit drink (taxable items) and \$0.50 is attributable to the pretzels and cookies (exempt items). Since less than 50% of the selling price of the package is attributable to food that is exempt from Wisconsin sales or use tax, \$1.50 of the \$2 selling price attributable to taxable items is subject to Wisconsin sales or use tax.

### **Fruit Juices and Drinks, Soda Water Beverages, Beer, Wine, and Liquor Sales**

**Fruit Juices and Drinks Not Subject to Sales Tax:** Sales of pure fruit juices as defined in ch. 97, 1967 Stats., are not subject to Wisconsin sales tax. Pure fruit juices are the clean, unfermented liquid product obtained by the first pressing of fresh ripe fruits. Permissible additives are sugar and one of the preservatives such as sodium benzoate, sorbic acid, or sodium sorbate. Frozen concentrates conforming to the above description are not subject to Wisconsin sales tax either.

To be exempt from Wisconsin sales tax, the title of the fruit juice on the label generally will contain the word "juice" to the exclusion of other words, such as cocktail, drink, punch, ade, or nectar. However, if a fruit juice label also contains the word cocktail, drink, punch, ade, or nectar, but is 100% pure fruit juice, the

juice will not be subject to Wisconsin sales tax.

Examples of labels for juices which are not subject to Wisconsin sales tax include "ABC Orange Juice," "XYZ Grapefruit Juice," and "HIJ Apple Juice." (Note: Sales of fruit juices consumed on the grocer's premises are subject to Wisconsin sales tax.)

**Fruit Juices and Drinks Subject to Wisconsin Sales Tax:** Sales of fruit juices and drinks which are not 100% pure fruit juice are subject to Wisconsin sales tax. This includes sales of bases, concentrates, and powders which may be made into soft drinks and fruit drinks, ades (e.g., lemonade), cocktails, punches, and nectars which have additives known as extenders (e.g., citric acid, peel oil, artificial color).

Examples of labels for juices and drinks which are subject to Wisconsin sales tax if not 100% pure fruit juice, whether or not they are consumed on the grocer's premises, include "ABC Orange Drink," "Cranberry Juice Cocktail," and "ABC Fruit Punch."

**Soda Water Beverages, Beer, Wine, and Liquor Sales:** Sales of soda water beverages, beer (alcoholic and nonalcoholic), wine (alcoholic and nonalcoholic), and liquor are subject to Wisconsin sales and use tax, whether or not they are consumed on the grocer's premises. However, "cooking wines" which do not meet the definition of intoxicating liquor are not subject to Wisconsin sales tax unless such wines are consumed on the grocer's premises.

#### What about sales of other items?

For additional information about sales of foods, food products, and beverages sold by grocery stores, see the following sections of this publication:

- "Bakery Sales and Purchases" on page 8,
- "Catering Sales and Purchases" on page 12,
- "Deli Sales and Purchases" on page 13,
- "Meat Department Sales and Purchases" on page 16, and
- "Vending Machine Sales and Purchases" on page 21.

#### Taxable Sales of Non-Edible Items

Sales of non-edible items (except newspapers) by a grocer are subject to Wisconsin sales tax, unless the customer can claim an exemption (e.g., nonprofit, government, resale). Examples of non-edible items sold by grocers include, but are not limited to:

- Appliances, bakeware, and utensils, such as can openers, clocks, pots and pans, spoons, forks, and knives
- Auto supplies, such as oil, anti-freeze, cleaners, lubricants, and light bulbs
- Baby care supplies, such as disposable diapers, wipes, pacifiers, bottles, and rattles
- Beauty supplies, such as make-up, hair spray, nails, nail polish, perfume, bobby pins, rollers, and jewelry
- Cameras, film, and other photography supplies
- Canning and freezing supplies, such as jars, lids, wrapping paper, and tape
- Cigars, cigarettes, tobacco, and lighters
- Cleaning supplies, such as wax, polishes, mops, brooms, pails, sponges, gloves, soap, laundry detergent, bleach, ammonia, bowl and drain cleaners, and air fresheners
- Electrical supplies, such as flashlights, bulbs, batteries, and fuses
- Garbage cans, bags, and wastebaskets

- Greeting cards, gifts, and wrapping paper
- Grilling supplies, such as charcoal, charcoal starter, rotisseries, and matches
- Hardware supplies, such as nails, screws, nuts, bolts, paint and paint supplies, steel wool, and sandpaper
- Hygiene products, such as soap, shampoo, combs, deodorant, shaving cream, and razors
- Lawn and garden supplies, such as tools, hoses, fertilizers, flowers, seeds, and insect and pest control products
- Medical supplies and first aid products, such as aspirin, band-aids, cough drops, rubbing alcohol, ointments, and suntan lotion
- Music and video supplies, such as records, tapes, CD's, and head cleaners
- Office and school supplies, such as pens, pencils, crayons, note pads, binders, stationery, tape, glue, rubber bands, scissors, paper clips, staples, and staplers
- Paper and plastic products, such as napkins, paper towels, paper plates, and plastic utensils
- Pet food and supplies, such as collars, flea and tick spray, dog biscuits, and pet toys
- Reading materials such as books, magazines, and periodicals (newspapers are not subject to Wisconsin sales tax)
- Toiletries such as toilet paper, facial tissue, bubble bath, toothbrushes, and feminine hygiene products
- Toys and games, such as balls, board games, and dolls
- Water softener salt and conditioners
- Wearing apparel, linens, clothing, gloves, washcloths, hosiery, zippers, sewing supplies, thread, shoelaces and polish, sunglasses, stockings, and watches

## 2. Purchases of Inventory Items by Grocers

A grocer's purchases of items which are going to be resold may be made without Wisconsin sales and use tax. See the two paragraphs be-

low which explain when exemption certificates claiming resale must be issued to the supplier.

**Items Which May Be Purchased Without Sales and Use Tax and Without Issuing an Exemption Certificate** - Certain foods, food products, and beverages which a grocer purchases and resells may be purchased without Wisconsin sales and use tax and without issuing an exemption certificate because the items qualify for the exemption for food, food products, and beverages for human consumption. The listing on pages 4 and 5 (Exempt Food, Food Products, and Beverages), shows examples of items which may be purchased by the grocer without Wisconsin sales and use tax and without issuing an exemption certificate claiming resale.

**Items For Which an Exemption Certificate Claiming Resale Must Be Issued to Purchase Them Without Sales and Use Tax** - Certain foods, food products, beverages, and non-edible items which a grocer purchases and resells may be purchased without Wisconsin sales and use tax if the grocer provides the supplier with an exemption certificate claiming resale. The listing on page 5 (Taxable Food, Food Products, and Beverages) shows examples of items which may be purchased by the grocer without Wisconsin sales and use tax if an exemption certificate claiming resale is provided to the supplier. (Note: Newspapers may be purchased without tax and without the issuance of a resale certificate to the supplier.)

## B. Bakery Sales and Purchases

### 1. Sales by Bakeries

The taxability of bread, cakes, cookies, doughnuts, rolls, and other foods commonly sold by bakeries and grocery stores depends on whether the items are "heated" and if they are sold for consumption on the baker's premises. See Table 1 below.

Table 1 - Taxability of Bakery Goods

	Eaten on Premises	Not Eaten on Premises
Heated Bakery Goods	Taxable	Taxable
Unheated Bakery Goods	Taxable	Not Taxable

"Heated bakery goods," as used in Table 1, means those foods which have been intentionally prepared for sale in a heated condition and which are sold at a temperature higher than the air temperature of the room or place where they are sold.

"On premises," as used in Table 1, includes any area within the bakery or grocery store, any other area set up by the bakery for consumption of the food items being sold to customers, and the parking lot.

**Example 1 - Doughnuts "To Go":** Bakery A sells one dozen doughnuts to Customer B. Customer B does not eat the doughnuts on Bakery A's premises. The sale is not subject to Wisconsin sales tax.

**Example 2 - Doughnuts and Coffee "To Go":** Bakery A sells one dozen doughnuts and four cups of heated coffee to Customer B. Customer B does not eat the doughnuts or drink the coffee on Bakery A's premises. The sale of the doughnuts is not subject to Wisconsin sales tax. The sale of the coffee is subject to Wisconsin sales tax because the coffee is a "heated" beverage.

**Example 3 - Doughnuts and Coffee Eaten at Bakery:** Bakery C sells two doughnuts and a cup of coffee to Customer D. Customer D eats the doughnuts and drinks the coffee at Bakery C. The sale of the doughnuts and coffee are subject to Wisconsin sales tax because they are eaten on Bakery C's premises.

## 2. Purchases by Bakeries

**Machinery and Equipment** - Bakeries are considered to be manufacturers for Wisconsin sales and use tax purposes and, therefore, may purchase certain machinery and equipment without Wisconsin sales and use tax. The machinery and equipment must be used **directly and exclusively** in the manufacturing process to qualify for the exemption from Wisconsin sales and use tax. For such exempt items, the bakery should provide the supplier with an exemption certificate (Form S-211).

**Example - Purchases of Equipment Used in Manufacturing Process:** Bakery A purchases a mixer which will be used directly and exclusively in the manufacturing of doughnuts. Bakery A must provide the supplier with an exemption certificate (Form S-211) to purchase the mixer without Wisconsin sales and use tax.

The manufacturing process of a bakery begins with the removal of the ingredients from storage and generally ends with the removal of the baked products from the pans or receptacles. However, the manufacturing process also includes the packaging of the baked goods in bags, boxes, etc., if the baked goods have not been stored or displayed prior to packaging them.

**Example 1 - Packaging Not Part of Manufacturing Process:** Bakery A manufactures doughnuts. Once the doughnuts are manufactured, they are placed in a display case where customers choose which doughnuts they would like to purchase. As the doughnuts are selected, they are placed in a box. The packaging of the doughnuts, as described above, is not part of the manufacturing process. As a result, the machinery and equipment used to package the doughnuts does not qualify for the manufacturing exemption. However, the packaging materials themselves (e.g., boxes, bags) are

exempt from Wisconsin sales and use tax because they are used to transfer the doughnuts to the customer.

**Example 2 - Packaging Part of Manufacturing Process:** Bakery B manufactures bread. Once the bread is removed from the oven, it is placed on trays to cool. After the bread is cooled, equipment packages the bread in a bag. The equipment is used exclusively to package the bread prior to being stored or displayed for sale. The packaged bread is then displayed for sale to customers. The packaging equipment, if used as described above, would qualify for the exemption for machinery and equipment used directly and exclusively in the manufacturing process.

**Common Items Which Qualify for Exemption:** Examples of items which may be purchased by a bakery without Wisconsin sales and use tax if used directly and exclusively in manufacturing include:

- Bread pans, pie pans, and other pans for baking
- Bread slicers, cookie cutters, and glazing screens
- Scales used to weigh dough
- Rolling pins, scoops, measuring cups, and can openers
- Ovens, mixers, gas fryers, and doughnut machines
- Thermometers used to check the temperature of dough
- Wearing apparel used by employees to prevent contamination of the manufactured product (e.g., gloves worn by an employee making doughnuts which are worn to prevent the doughnuts from being contaminated during the manufacturing process qualify for this exemption)
- Cleansers and solvents used for cleaning manufacturing machinery

**Common Items Which Do Not Qualify for Exemption:** Examples of items which are not

considered to be used directly in the manufacturing process and are subject to Wisconsin sales and use tax include:

- Pot and pan washers and sinks
- Display equipment, including display pans
- Delivery carts and racks used in delivering bakery products that are not transferred to customers
- Wearing apparel for the comfort or welfare of employees or for the protection of employees clothing (e.g., an apron worn by an employee to prevent the employee's clothing from being damaged does not qualify for this exemption)

**Food and Food Products (Ingredients):** Ingredients used to produce baked goods which are sold may be purchased without paying Wisconsin sales and use tax. If the ingredients qualify for the exemption for food, food products, and beverages for human consumption, the bakery does not need to provide the supplier with an exemption certificate. Part II.A. on page 3 of this publication contains additional information on types of items which qualify for the exemption for food, food products and beverages for human consumption. If the ingredients do not qualify for the exemption for food, food products and beverages for human consumption, the grocer must provide the supplier with a resale certificate to purchase them without Wisconsin sales and use tax.

**Example 1 - Purchases of Food and Food Products (Ingredients) for Manufactured Items - No Exemption Certificate Needed:** Bakery D purchases flour and eggs which will be used to make cakes. Since flour and eggs are exempt food or food products for human consumption, Bakery D may purchase these items without Wisconsin sales and use tax. Bakery D is not required to provide the supplier of the flour and eggs with an exemption certificate.

**Example 2 - Purchases of Food and Food Products (Ingredients) for Manu-**

**factured Items - Exemption Certificate Is Needed:** Bakery E purchases candy which will be used to make cakes the bakery will sell. Since candy is not an exempt food or food product for human consumption, Bakery E may only purchase these items without Wisconsin sales and use tax if Bakery E provides the supplier of the candy with an exemption certificate.

**Containers and Packaging Materials:** A bakery's purchases of containers and other packaging materials which are used to transfer bakery goods to customers are not subject to Wisconsin sales and use tax. The containers may or may not be returnable. To claim this exemption, the bakery must provide the supplier with an exemption certificate (Form S-211).

Examples of items which qualify for this exemption when used to transfer the baked goods to customers include:

- Boxes or cartons used to package doughnuts
- Bags used to package bread
- Dividers used to separate food sections within a container
- Paper used to line containers
- Tape and rubber bands used to keep containers closed
- Cups used to transfer beverages sold to customers

Examples of items which **do not qualify** for the exemption for containers and packaging and shipping materials include:

- Wrapping equipment such as tape dispensers, paper holders, and staplers (assuming these items are not used directly and exclusively in the manufacturing process)
- Price tags

- Bakery carts used to deliver bakery goods to customers which are not physically transferred to customers

**Other Items Being Resold:** If the item being purchased does not qualify as a food, food product, or beverage for human consumption (e.g., non-edible cake decorations), but is being resold by the bakery, the bakery must provide the supplier with an exemption certificate claiming resale to purchase these types of items without Wisconsin sales and use tax. See Part II.A. on page 3 for additional information on these types of purchases.

**Example - Purchases of Cake Decorations for Resale:** Bakery F purchases non-edible cake decorations from Supplier G which will be resold to Bakery F's customers as a part of a cake. Bakery F must provide Supplier G with an exemption certificate claiming resale to purchase the decorations without Wisconsin sales and use tax.

**Items Not Being Resold:** If a bakery purchases reusable items, other than containers used to transfer merchandise to customers, which are not being resold to and kept by customers, but instead are returned to the bakery and reused, the bakery is considered to be the consumer of these types of items. Purchases by the bakery of these types of items are subject to Wisconsin sales and use tax.

**Example - Purchases of Reusable Cake Decorations:** Bakery H purchases reusable cake decorations from Supplier I. Bakery H's customers are required to return the decorations to Bakery H after the cake is eaten. Bakery H does not charge its customers for use of the decorations. Bakery H is considered to be the consumer of the reusable decorations and must pay Wisconsin sales or use tax on its purchases of the decorations.



## C. Catering Sales and Purchases

### 1. Sales by Caterers

Meals, sandwiches, food, food products and beverages sold by caterers are subject to Wisconsin sales tax.

“Caterer,” as used in this publication, means a business engaged in the preparation of meals, food, food products, and beverages, and the serving of these items on premises designated by a purchaser.

See pages 5 and 6 of this publication for the definitions of “meals” and “sandwiches.”

Charges by a caterer for preparing, serving, and delivering meals, sandwiches, food, food products, and beverages are subject to Wisconsin sales tax. The charge is taxable even if the customer provides the items being prepared, served, or delivered.

**Example** - Caterer A is hired to prepare and serve a meal for 200 people by Customer B. Customer B purchases all of the food, food products and beverages to be used. Caterer A charges Customer B \$500 to prepare and serve the meals. The \$500 is subject to Wisconsin sales tax.

The method a caterer uses to bill a customer for the meals does not affect the taxability of the charge (e.g., price per plate, price per meal, lump sum, price per type of service).

**Example - Price Per Service:** Caterer A agrees to prepare, deliver, and serve a meal for Customer B at a wedding dinner and reception. Caterer A bills Customer B \$200 for preparing the meals, \$50 for transporting the meals to the location of the dinner and reception, and \$300 for serving the meals to the guests. The entire \$550 charge is subject to Wisconsin sales tax.

**Example - Price Per Meal:** The catering department of Grocer A is hired to provide a meal for 200 people at Company B. Grocer A charges Company B \$15 per meal plus a \$2 per meal gratuity. The en-

tire \$3,400 charged by Grocer A to Company B is subject to Wisconsin sales tax.

**Example - Lump Sum:** Caterer A agrees to provide, prepare, and serve enough food and beverages for 200 people for a fee of \$2,500. The entire \$2,500 charge is subject to Wisconsin sales tax.

### 2. Purchases by Caterers

#### Food, Food Products, and Beverages

**Items Which May Be Purchased Without Sales and Use Tax and Without Issuing an Exemption Certificate** - Certain food, food products, and beverages a caterer purchases and resells may be purchased without Wisconsin sales and use tax because the items qualify for the exemption for food, food products, and beverages for human consumption. Examples of such items are cake mixes, meats, vegetables, and milk. See Part II.A. on page 3 for additional information on these types of items.

A caterer is not required to provide the supplier of these types of items with an exemption certificate to purchase them without Wisconsin sales and use tax.

**Items For Which an Exemption Certificate Must Be Issued To Purchase Them Without Sales and Use Tax** - Certain food, food products, and beverages which a caterer purchases and resells may only be purchased without Wisconsin sales and use tax if the caterer provides the supplier with an exemption certificate claiming resale. Examples of such items are beer, soda pop, breath mints, and candy. See Part II.A. on page 3 for additional information on these types of items.

#### Preparation and Serving Equipment

**Non-Disposable Items** - Purchases of items used by caterers to prepare, transport, and serve food, food products, or beverages to their customers are subject to Wisconsin sales and use tax. Examples of such items include dishes, glasses, silverware, tablecloths, linen napkins, and pots and pans.

**Disposable Items** - Purchases of disposable items which are transferred to customers in conjunction with the prepared food, food products and beverages may be made without Wisconsin sales and use tax as purchases for resale. Examples of such disposable items include plastic and paper cups and plates, plastic eating utensils, paper napkins, straws, disposable place mats, and toothpicks. The caterer must provide the supplier of these items with an exemption certificate claiming resale to purchase them without Wisconsin sales and use tax.

**Example:** Grocer A provides a catering service to Customer B. As part of the service, the caterer also furnishes paper plates and plastic cups, forks, and knives. Grocer A may provide the suppliers of the paper plates and plastic cups, forks, and knives with exemption certificates claiming resale and purchase the items without Wisconsin sales and use tax.

**D. Deli Sales and Purchases**

**1. Sales by Delis**

The taxability of sales of food, food products and beverages for human consumption by a deli depends on whether the items are "heated," eaten on the deli's premises, or constitute a meal or a sandwich. See Table 2.

"On premises," as used in Table 2, includes any area within the deli or grocery store, any other area set up by the deli for consumption of the food items being sold to customers, and the parking lot.

"Heated," as used in Table 2, means those foods which have been intentionally prepared for sale in a heated condition and which are sold at a temperature higher than the air temperature of the room or place where they are sold.

See pages 5 and 6 of this publication for the definitions of "meals" and "sandwiches."

**Note:** A deli's sales from its salad bar or food bar are exempt if (1) the customer makes selections and puts them into a container supplied by the deli, (2) 50% or more of the sales price is attributable to goods that are exempt from Wisconsin sales or use tax, and (3) the customer consumes the salad and food items off the retailer's premises. See 'Pre-packaged Food Combinations' on page 6 for additional information.

**Table 2 - Taxability of Deli Sales**

	Eaten on Premises	Not Eaten on Premises
Heated Items	Taxable	Taxable
Unheated Items	Taxable	Not Taxable
Items Constitute a Meal or Sandwich	Taxable	Taxable

**Example - Potato Salad, Unheated Ham, Cheese, and Fruit Salad Sold by Weight:**

Deli A sells potato salad (\$1.29/lb.), unheated ham (\$2.29/lb.), cheese (\$1.89/lb.), and fruit salad (\$1.19/lb.). Customer B purchases one pound of each of these items. The items are going to be taken home and eaten. The sale of these items is not subject to Wisconsin sales tax because the items are not eaten on the deli's premises, are not sold in a heated condition, and do not constitute a meal or sandwich.

**Example - Potato Salad, Unheated Ham, Cheese, and Fruit Salad Sold as a Meal:**

Deli C prepares and sells a serving of potato salad, unheated ham, cheese, and fruit salad as a meal for \$3.29. Customer D purchases such a meal which will be eaten off the deli's premises. The sale of the meal is subject to Wisconsin sales tax.

**Example - Heated Chicken:**

Deli E sells heated chicken. Customers purchase the heated chicken by the pound. Customer F purchases three pounds of the heated chicken. The sale of the heated chicken is

subject to Wisconsin sales tax since it is a "heated" food.

**Example - Exempt Sales from Salad Bar:** Customer F makes selections from Deli G's salad bar and puts them into a container supplied by Deli G. All of the items in the salad bar are items that are exempt from Wisconsin sales and use tax: lettuce, dressings, cheese, onions, carrots, peppers, tomatoes, croutons, ham, fruits, and melons. Customer F eats the salad off Deli G's premises. The sale of the salad is not subject to Wisconsin sales or use tax.

**Example - Taxable Sales from Food Bar:** Customer H makes selections from Deli J's food bar and puts them into a container supplied by Deli J. More than 50% of the sales price of the items selected by Customer H is attributable to heated items, including meats, potatoes, vegetables, and soup. Customer H also selects cookies and a carton of milk from the food bar. Customer H consumes all of these items off Deli J's premises. The sale of the heated items to Customer H is subject to Wisconsin sales tax. The sale of the cookies and milk to Customer H are not subject to Wisconsin sale or use tax.

**Note:** If Deli J has a set price for the food bar (e.g., \$5.00 per plate) or charges by total weight of all selections, Deli J may make a reasonable allocation of the selling price between taxable and nontaxable items.

## 2. Purchases by Delis

### Food, Food Products and Beverages

**Items Which May Be Purchased Without Sales and Use Tax and Without Issuing an Exemption Certificate** - Certain food, food products, and beverages a deli purchases and resells may be purchased without Wisconsin sales and use tax because the items qualify for the exemption for food, food products, and beverages for human consumption. Examples of such items are meat, cheese, fruits, and vegetables. See Part II.A. on page 3 of

this publication for additional information on types of items which qualify for the exemption for food, food products, and beverages for human consumption.

A deli is not required to provide the supplier of these types of items with an exemption certificate to purchase them without Wisconsin sales and use tax.

**Items For Which an Exemption Certificate Must Be Issued to Purchase Them Without Sales and Use Tax** - Certain food, food products, and beverages which a deli purchases and resells may only be purchased without Wisconsin sales and use tax if the deli provides the supplier with an exemption certificate claiming resale. Examples of such items are sandwiches and soft drinks. See Part II.A. on page 3 for additional information on these types of items.

### Preparation, Storage, and Serving Equipment

**Non-Disposable Items** - Purchases of items used by delis to prepare, store, and serve food, food products and beverages to their customers are subject to Wisconsin sales and use tax. Examples of such items include dishes, pots and pans, utensils, scales, and display cases.

**Disposable Serving Items** - Purchases of disposable items which are transferred to customers in conjunction with the sale of meals, food, food products and beverages, may be purchased without Wisconsin sales and use tax as purchases for resale. Examples include plastic and paper cups and plates, plastic eating utensils, paper napkins, straws, disposable place mats, and toothpicks. The deli must provide the supplier of these items an exemption certificate claiming resale to purchase them without Wisconsin sales and use tax.

**Example - Disposable Serving Items:** Deli A provides paper plates and plastic cups, forks, and knives to its customers who purchase meals. Deli A must provide the supplier of these items with an ex-

emption certificate claiming resale to purchase them without Wisconsin sales and use tax.

**Containers and Packaging Materials** - A deli's purchases of containers and other packaging materials which are used to transfer deli items sold to customers are not subject to Wisconsin sales and use tax. The containers may or may not be returnable. To claim this exemption, the deli must provide its supplier with an exemption certificate (Form S-211).

Examples of items purchased by delis which qualify for the container exemption include:

- Bags used to package meat and cheese
- Containers used to transfer potato salad and fruit salad to customers
- Dividers used to separate the food sections within a container
- Styrofoam trays used to transfer meals to customers
- Tape and rubber bands used to keep containers closed
- Cups used to transfer beverages sold to customers

Examples of items which **do not qualify** for the exemption for containers and packaging and shipping materials include:

- Wrapping equipment such as tape dispensers, paper holders, and staplers
- Price tags

## E. Flower Shop Sales and Purchases

### 1. Sales by Flower Shops

Flowers, plants, floral arrangements, and similar items sold by a florist are subject to Wisconsin sales and use tax.

"Florist," as used in this publication, means a business which sells flowers, plants, floral ar-

rangements, and similar items and includes a flower or garden shop in a grocery store.

**Example:** A florist sells a customer one dozen roses arranged in a vase for \$50. The \$50 charge by the florist is subject to Wisconsin sales tax.

If a florist sells and delivers flowers, plants, floral arrangements, etc., the florist's entire charge, including the delivery fee, is subject to Wisconsin sales tax.

**Example** - A Wisconsin florist receives an order from a customer to deliver a floral arrangement to another person located in Wisconsin. The florist charges the customer \$30 for the floral arrangement plus a delivery charge of \$5. The entire \$35 charge is subject to Wisconsin sales tax.

### Wire Delivery Services

A Wisconsin florist **taking an order from a customer and transmitting the delivery instructions** for that order to a second florist, should charge Wisconsin sales tax on its total sales, including any additional charge for the wire service. This is true whether the Wisconsin florist transmits the order to a second florist located in or outside of Wisconsin.

**Example** - A florist, located in Madison, WI, receives an order from a customer to direct a second florist, located in LaCrosse, WI, to deliver a floral arrangement, which sells for \$30, to a person located in LaCrosse. The Madison florist is liable for the Wisconsin sales tax on the \$30 it receives from the sale of the floral arrangement. The LaCrosse florist should not collect sales tax on this transaction.

**Example** - A florist, located in DeForest, WI, receives an order from a customer to direct a second florist, located in Phoenix, AZ, to deliver a floral arrangement, which sells for \$50, to a person located in

Phoenix. The DeForest florist is liable for the Wisconsin sales tax on the \$50 received for this order.

A Wisconsin florist **receiving delivery instructions** for the delivery of flowers, plants, floral arrangements, etc. from a second florist, whether or not the second florist is located in Wisconsin, should not collect Wisconsin sales tax on these transactions.

**Example** - A Madison, WI florist receives delivery instructions from a second florist, located in Superior, WI, to deliver a floral arrangement, which sells for \$30, to a person located in Madison. Since the Madison florist received its instructions from the Superior florist, the Madison florist should not collect sales tax on this transaction. The Superior florist would be liable for Wisconsin sales tax on the \$30 charge.

**Example** - A Milwaukee florist receives delivery instructions from a second florist, located in Iowa, directing the Milwaukee florist to deliver a Christmas wreath, which sells for \$50, to a business located in Milwaukee. Since the Milwaukee florist received its instructions from a second florist, the Milwaukee florist should not collect sales tax on this transaction. No Wisconsin sales tax would be collected on this transaction.

## 2. Purchases by Flower Shops

A florist may purchase the following items without Wisconsin sales and use tax:

- Flowers, vases, balloons, ribbons, and other items which it is going to resell to its customers
- Packaging materials and supplies such as wrapping paper, plastic bags, string, tape, etc., used to transfer flowers, plants, floral arrangements, and other items sold to its customers

The florist must provide the supplier of these items with an exemption certificate claiming resale (Form S-211).

A florist must pay Wisconsin sales and use tax on purchases of items such as:

- Equipment, including cash registers, coolers, display racks, scissors, tape dispensers, staplers, and similar items which the florist stores, uses, or consumes in Wisconsin
- Price tags
- Advertising materials distributed in Wisconsin
- Other tangible personal property not being resold and transferred to customers

## F. Lottery Tickets

Sales of lottery tickets and the fee the grocer receives from the lottery commission are not subject to Wisconsin sales tax.

Purchases of equipment and supplies used to store and dispense lottery tickets are subject to Wisconsin sales and use tax.

## G. Meat Department Sales and Purchases

### 1. Sales By Meat Departments

Meat and meat products, fish and fish products, seafood and seafood products, and poultry and poultry products, which are sold for human consumption, are not subject to Wisconsin sales tax. However, if any of these items are sold in a "heated" condition, as a meal or sandwich, or for consumption on the premises of the grocer, they are subject to Wisconsin sales tax.

**Example 1 - Sale of Unheated Chicken:** Grocer A sells unheated chicken to Customer B. The sale of the chicken is not subject to Wisconsin sales tax.

**Example 2 - Sale of Heated Chicken:** Grocer A prepares heated chicken. Customer B purchases eight pieces of the heated chicken. The sale is subject to Wisconsin sales tax.

**Note:** For additional information on sales of heated foods, meals, and sandwiches see

Part II.D. on page 13, titled "Deli Sales and Purchases."

## 2. Purchases by Meat Departments

(Note: Some meat departments in grocery stores are considered to be manufacturers while other meat departments are **not** considered to be manufacturers. The determination of whether or not a meat department qualifies as a manufacturer and is entitled to certain sales and use tax exemptions depends on the specific facts and circumstances surrounding each meat department's activities.)

For additional information for meat processors, see *Wisconsin Tax Bulletin* 112, January 1999, pages 36 to 38, available at [www.dor.states.wi.us/ise/wtb/112tr.pdf](http://www.dor.states.wi.us/ise/wtb/112tr.pdf).

### a. Meat Department NOT Engaged in Manufacturing

**Equipment and Supplies:** Purchases of equipment and supplies used in meat departments which are **not** engaged in manufacturing are subject to Wisconsin sales and use tax.

Examples of taxable items used in these meat departments include:

- Meat cutters and saws
- Mixers and slicers
- Vacuum pack machines
- Scales
- Label printers and scale printers
- Grinders
- Wrapping equipment
- Cooling units
- Display cases
- Cleaning compounds and solvents used to clean equipment, walls, and floors

- Gloves and other wearing apparel used in the meat department

### b. Meat Department Engaged in Manufacturing

Certain processes performed by meat departments are considered to be manufacturing. Listed below are examples of three products produced by meat departments and the steps involved in making these products. The processes followed in producing the products in these examples are considered to be manufacturing processes. Processes similar to those described in these examples may or may not be considered to be manufacturing.

If you have a question as to whether or not your processes are considered to be manufacturing, you should send a written request for ruling to Attn: Administration Technical Services, Wisconsin Department of Revenue, Mail Stop 6-40, PO Box 8933, Madison, WI 53708-8933. A **complete** description of the step-by-step process upon which you are requesting a ruling must be included with your request.

The manufacturing process for each of the products in the examples below, begins with the removal of the raw materials from the raw materials storage area and generally ends at the point the finished product is first stored or displayed for sale. The manufacturing process also includes the packaging of the product if the product has not been stored or displayed for sale prior to it being packaged.

**Machinery and Equipment** – If machinery and equipment used by the meat department is used **exclusively and directly** in any of the three manufacturing processes described below, the machinery and equipment will qualify for exemption

from Wisconsin sales and use tax. The grocer should provide the vendor of this machinery and equipment with a properly completed exemption certificate (Form S-211), to claim this exemption.

**Supplies** – Supplies which become an ingredient or component part of the meat products or which are consumed, destroyed, or lose their identity in the manufacture of the meat products destined for sale, also qualify for exemption from Wisconsin sales and use tax. This exemption does not include fuel and electricity. The grocer should provide the vendor of these supplies with a properly completed exemption certificate (Form S-211), to claim this exemption.

### *Examples of Manufacturing Processes in Meat Departments*

#### **1. Bratwurst (Fresh) (No smoking required)**

Step 1 – Raw meat is delivered in boxes. The meat is frozen when it arrives and it is put into a holding cooler to maintain the proper temperature to prevent spoiling.

Each box of meat contains a large chunk of beef. Various beef products can be made depending on which cut of beef is in the box. For example, a box may contain a “chuck” cut. The “chuck” cut is then cut into various products such as chuck eye roasts, top blade steaks, arm pot roast, etc.

Step 2 – The meat is transported from the holding cooler, where it was placed upon arrival, to the grinder. The grinder is used to grind the meat into the desired texture.

Step 3 – After the meat is ground, it is weighed. Weighing is necessary to determine the proper amount of spices to be added to obtain the desired flavor.

Step 4 – After being weighed, the meat is placed in a mixer. Spices are added and the mixer mixes the meat and spices together.

Step 5 – After the product is mixed, it is moved to the stuffer. The stuffer is used to “force” the meat into the desired casings.

Step 6 – Once the stuffing process is completed, the product is placed into the package for which it will be offered for sale to the customer. The product is vacuum packed which assures the product is in an air tight container.

Step 7 – The product is placed in a cooler until such time as it is needed in the display case.

#### **2. Smoked Wieners**

Steps 1 through 5 are the same as for the Bratwurst (Fresh), explained above.

Step 6 – After the product is stuffed into the desired casings, it is placed on a rack. When the rack is full, the rack is placed in the smoker. The smoker adds the desired “smoked” flavor to the product.

Step 7 – After the product is smoked, it is placed in a cooler until the temperature of the product reaches the desired level.

Step 8 – Once the temperature of the product reaches the desired level, it is taken out of the cooler and packaged into the package for which it will be offered for sale to the customer. The product is vacuum packed which assures the product is in an air tight container.

Step 9 – The finished product is placed in a cooler until such time as it is needed for retail or wholesale sale to customers.

### 3. Steaks and Roasts

Step 1 – Large chunks of raw meat are delivered in boxes. The meat is frozen when it arrives and it is put into a cooler to maintain the proper temperature to prevent spoiling.

Each box of meat contains a large chunk of beef. Various beef products can be made depending on which cut of beef is in the box. For example, a box may contain a “short loin” cut. The “short loin” cut is then cut into various products such as top sirloin, T-bone, porterhouse and tenderloin steaks. If the box contains a “chuck” cut, the “chuck” cut is then cut into various products such as chuck eye roasts, top blade steaks, pot roasts, etc.

Step 2 – The needed box of meat (depending on the end product desired), is transported from the holding cooler where it was placed upon arrival to the store, to the saw. The saw is used to cut the large chunks of meat that arrived at the store, into the smaller individual products.

Step 3 – After being cut, the smaller cuts of meat are placed on trim tables. At the trim tables, excess fat and unwanted portions of the meat are removed to get the product into the condition for sale to the customer.

Step 4 – Once the product has been trimmed, it is placed onto a packaging tray.

Step 5 – After the product is on the packaging tray, it is sent through the “auto wrapper,” which is a machine that wraps the plastic around the product to seal it.

Step 6 – Once the product is wrapped, it is placed on a metal tray. Once the

metal tray is full, the product is transported to the cooler where it will be held until needed for retail or wholesale sale to customers.

**Meat and Meat Products:** Purchases of meat and meat products, fish and fish products, seafood and seafood products, poultry and poultry products, and other items which the meat department resells, may be purchased without Wisconsin sales and use tax. Part II.A. on page 2 of this publication contains additional information on types of items which qualify for the exemption for food and food products for human consumption.

If the items being purchased qualify for the exemption for food and food products for human consumption, the meat department does not need to provide the supplier with an exemption certificate to purchase them without Wisconsin sales and use tax.

However, if the items sold by the meat department do not qualify for the exemption for food and food products for human consumption, the meat department must provide the supplier with an exemption certificate claiming resale to purchase these types of items without Wisconsin sales and use tax.

**Packaging and Shipping Materials:** Containers, bags, boxes, and other packaging and shipping materials used to transfer merchandise to customers are not subject to Wisconsin sales and use tax. A meat department must provide its supplier with an exemption certificate (Form S-211) to purchase these types of items without paying Wisconsin sales and use tax.

In addition, a **meat department** may also purchase meat casings, wrapping paper, tape, containers, bags, and boxes used in packaging **meat and meat products** with-



out paying Wisconsin sales and use tax, regardless of whether such items are used to transfer merchandise to customers. The meat department must provide its supplier of these items with an exemption certificate (Form S-211).

## H. Money Orders and Check Cashing

Sales of money orders and fees received from check cashing services are not subject to Wisconsin sales tax.

**Example:** Customer A purchases a \$100 money order from Grocer B for \$101. The \$1 service fee Grocer B receives is not subject to Wisconsin sales tax.

Purchases of blank money order forms by a grocer which are used or transferred to customers in conjunction with the selling, performing, or furnishing of a service are subject to Wisconsin sales and use tax.

**Example:** Grocer B purchases 200 blank money order checks for \$40. The checks are transferred to customers in conjunction with the customer's purchase of a money order. Grocer B's purchases of blank money orders are subject to Wisconsin sales and use tax.

## I. Photography Sales and Purchases

### 1. Sales of Photography Related Items

Taxable sales include:

- Sales of undeveloped film, camera batteries, flash bulbs, and other photographic supplies and accessories
- Developing, processing, printing, and enlarging film, photographs, and slides

### 2. Purchases of Photography Related Items

Purchases which may be made without Wisconsin sales and use tax include:

- Undeveloped film, camera batteries, flash bulbs, and other photographic supplies and accessories which are resold to customers

- Developing, processing, printing and enlarging services which are resold to customers
- Machinery and equipment used exclusively and directly in developing exposed film into negatives and printing the completed photographs
- Chemicals and other supplies, except fuel and electricity, consumed, destroyed or losing its identity in the developing of the exposed film into negatives and printing the completed photographs

The grocer must provide the supplier of these items and services with an exemption certificate to purchase them without Wisconsin sales and use tax.

**Example 1 - Film Developing (Purchase and Sale):** Grocer A receives two rolls of film from a customer which are to be developed into photographs. Grocer A charges \$10 for the service. Grocer A sends the film received from its customer to Developer B. Grocer A is charged \$5 by Developer B for the developing services. Grocer A provides the photographs to its customer. The \$10 charge by Grocer A to its customer is subject to Wisconsin sales tax. The \$5 charge by Developer B to Grocer A is not subject to Wisconsin sales tax because Grocer A is reselling the service. Grocer A must provide Developer B with a resale certificate to purchase the developing service without Wisconsin sales and use tax.

**Example 2 - Film Developing Equipment:** Grocer C operates a grocery store. Included in the grocery store is a photo department. The photo department provides photofinishing services (i.e., develops exposed film into color photographs). Grocer C's purchases of the machines and equipment from Supplier D which are used exclusively and directly in developing the exposed film and printing the photographs are exempt from Wisconsin sales and use tax. Grocer C must provide Supplier D with a properly completed exemption certificate (Form S-211)

to purchase the machinery and equipment without paying Wisconsin sales and use tax.

## J. Vending Machine Sales and Purchases

### 1. Sales Through Vending Machines

#### a. Exempt Vending Machine Sales

Effective July 1, 2001, sales of food, food products, and beverages from vending machines are considered to be sold for consumption off the seller's premises. Therefore, sales from vending machines of food, food products, and beverages for human consumption are exempt from sales or use tax, except for sales of the items listed in Part II.J.1.b., below.

Examples of exempt sales from vending machines include:

- Cookies
- Doughnuts
- Fruit
- Granola bars, except candy or yogurt covered
- Ice tea, flavored or bottled
- Juices, pure fruit
- Milk
- Peanuts, except candy or yogurt coated or honey roasted
- Potato chips and corn chips
- Pretzels
- Raisins
- Water, unflavored, unsweetened, and not carbonated
- Yogurt, except bars, cones, and sundaes

(See pages 4 and 5 of this publication, under the heading "*Exempt Food, Food Products, and Beverages*," for more examples.)

**Example:** Grocer A sells fruit, milk, and potato chips through vending machines located in the employee break

room. Such sales are exempt from Wisconsin sales tax.

**Note:** Prior to July 1, 2001, all sales from vending machines were presumed to be for on-premises consumption and taxable, unless records show which portion of the sales were made for off-premises consumption and involve food which is otherwise exempt from tax.

#### b. Taxable Vending Machine Sales

Sales of the following items from vending machines are taxable:

- Soft drinks
- Candy, chewing gum, cigarettes, popcorn, lozenges, and confections
- Meals and sandwiches, whether heated or not (See pages 5 and 6 of this publication for the definitions of "meals" and "sandwiches.")
- Heated foods and heated beverages (See page 13 of this publication for the definition of "heated.")
- Soda fountain items such as sundaes, milk shakes, malts, ice cream cones, and sodas
- Medicines, tonics, vitamins, and medicinal preparations in any form
- Fermented malt beverages and intoxicating liquors
- Photocopies
- Non-edible items, except newspapers (See pages 7 and 8 of this publication for examples of non-edible items.)

#### c. Who is Responsible for Tax?

If the grocer "controls" or is the "operator" of the machine, the grocer is responsible for reporting the Wisconsin sales tax on taxable sales from the vending machines. A grocer is considered to have "control" over the vending machine or be the "operator" of the vending machine if the grocer has the right to access the machine for stocking, restocking, or removing the money or if the grocer owns

the items being sold through the vending machine.

If a grocer receives commissions based on the vending machine sales from a third party who controls the vending machine, the commissions received by the grocer are not subject to Wisconsin sales tax. The third party is responsible for reporting the Wisconsin sales tax on the sales from the vending machine.

**Example 1 - Grocer Controls Machine:** Grocer A owns a vending machine which dispenses candy. The grocer has the right to access the machine, stock the machine, and remove the money from the machine. The total sales by Grocer A through the vending machine are subject to Wisconsin sales tax.

**Example 2 - Grocer Receives Commission:** Grocer A receives a commission from Vending Company B equal to 50% of the total sales from a soft drink vending machine in return for allowing Vending Company B's vending machine to be placed in his store. Grocer A is not responsible for stocking, restocking, or removing the money from the vending machine. The total sales from the vending machine are \$1,000. Grocer A receives a commission of \$500. The \$500 commission received by Grocer A is not subject to Wisconsin sales or use tax. However, Vending Company B's **total sales** from the vending machine of \$1,000 are subject to Wisconsin sales tax and must be reported on Vending Company B's sales and use tax return.

## 2. Computing Taxable Receipts From Vending Machines

The method of computing taxable receipts from a vending machine depends on whether or not the operator conspicuously posts a sign indicating that the prices of the items in the machine include sales tax.

**Sign Conspicuously Posted** - The operator must report the total sales from the vending machine, including sales tax, on line 1 of his

or her sales and use tax return. If the operator conspicuously posts a sign informing customers that the prices include sales tax, the operator may claim a deduction on line 4 (line 5 on returns for October 2001 and after) of the sales and use tax return for the sales tax included in line 1.

**Sign Not Conspicuously Posted** - The operator must report the total sales from the vending machine on line 1 of his or her sales and use tax return. If the operator does not conspicuously post a sign indicating that the prices include sales tax, the operator **may not** claim a deduction on line 4 (line 5 on returns for October 2001 and after) of the sales and use tax return for any sales tax on these sales.

**Example:** Grocer A operates two soft drink vending machines and conspicuously posts a sign indicating the prices of the items in the vending machines include the 5% Wisconsin sales tax. The total sales from the machines are \$1,000. The grocer must report the \$1,000 on line 1 of his or her sales and use tax return. Since the grocer conspicuously posted a sign indicating that the prices included sales tax, the grocer may also claim a deduction of \$47.62 on line 4 (line 5 on returns for October 2001 and after) of the sales and use tax return for sales tax included in the prices of the items sold through the vending machines. The \$47.62 is computed as follows: \$1,000 (total sales) divided by 1.05 (1 plus tax rate) = \$952.38 (taxable receipts); \$1,000 - \$952.38 = \$47.62 (tax included in total sales).

**Note:** If the grocer in the example above had not conspicuously posted a sign indicating the prices included sales tax, the grocer would still report the \$1,000 on line 1 of the sales and use tax return, but the grocer **may not** claim a deduction on line 4 (line 5 on returns for October 2001 and after) for sales tax and would report taxable receipts of \$1,000 instead of \$952.38.

### 3. Purchases for Vending Machines

A grocer's purchases of items which are resold through vending machines may be purchased without Wisconsin sales and use tax. Depending on the type of item being purchased, the grocer may need to provide the supplier with an exemption certificate claiming resale to purchase these items without Wisconsin sales and use tax. See Part II.A.2 on page 8 for information on when a resale certificate must be issued to purchase items without Wisconsin sales and use tax.

A grocer's purchase of vending machines and repairs and parts for the machines are subject to Wisconsin sales and use tax.

## K. Video Department Rentals, Sales, and Purchases

### 1. Rentals and Sales by Video Departments

Taxable sales include:

- Rentals and sales of video tapes, video games, video cassette recorders (VCRs), video game machines, and related accessories.
- Charges for video club membership cards, which entitle the member to reduced rental rates and related privileges.

*Example* - A video department in a grocery store rents two video tapes for \$2 each and a VCR for \$10 to a customer. In addition, for a \$10 fee, the customer becomes enrolled in the grocery store's video club. The \$10 fee entitles the customer to reduced price video rentals for the next 12 months. The entire \$24 the video department charges the customer is subject to Wisconsin sales tax.

- Late fees, and other service charges related to the sale or rental of video tapes, VCRs, and related accessories.

**Note:** Rewinding fees are not taxable.

*Example* - A video department charges a \$2 per video per day late fee for videos returned late and a \$1 per video rewind fee for customers who fail to rewind the video tapes prior to returning them to the grocery store. Customer A returns two video tapes two days late and fails to rewind the video tapes. The video department charges Customer A an \$8 late fee and a \$2 rewind fee. The \$8 late fee is subject to Wisconsin sales tax. The \$2 rewind fee is not subject to Wisconsin sales tax.

### 2. Purchases by Video Departments

**Property Rented** - Purchases of video tapes and games, video cassette recorders (VCRs), video game machines, lubricants, and repair parts and services for VCRs and video game machines used solely for rental purposes are not subject to Wisconsin sales or use tax. Items used solely for rental purposes and the repairs of those items may be purchased without Wisconsin sales and use tax as purchases for resale. The video department must provide the supplier with a properly completed resale certificate to claim this exemption.

*Example* - Video Department A has a VCR which is used solely for rental purposes. Video Department A pays a repair company \$100 to repair the VCR. The VCR repair service is not subject to Wisconsin sales and use tax because it is a purchase for resale. Video Department A must provide the repair company with an exemption certificate claiming resale to purchase the repair service without Wisconsin sales and use tax.

**Property Used in Video Department** - Purchases of property used in the video department (e.g., television sets, VCRs, and shelving) are subject to Wisconsin sales or use tax.

*Example:* Video Department B uses a television and VCR to play video tapes in

the store. The television and VCR are not rented out to customers. Video Department B owes Wisconsin sales or use tax on the purchase price of the VCR and television.

**Property Both Rented and Used Personally** - If videos and VCRs are purchased by a video department and are used part of the time in the business and rented out part of the time, the purchases of the videos and VCRs are subject to Wisconsin sales and use tax. The video department's rental receipts for the videos and VCRs are also subject to Wisconsin sales tax.

### 3. Containers for Videos and VCRs

A video department's purchases of containers, boxes, bags, labels, and other packaging and shipping materials which are used to transfer video tapes and games, VCRs and video game machines to the video department's customers are exempt from Wisconsin sales and use tax.

*Example* - Grocer A purchases 200 plastic video tape containers used to protect the video tapes which are rented to Grocer A's customers. Grocer A may purchase the containers without paying Wisconsin sales and use tax. Grocer A must provide the supplier of the video tape containers with an exemption certificate (Form S-211) to purchase the containers without Wisconsin sales and use tax.

**Note:** If the containers are used to transfer items which are not sold or rented to customers, the containers may not be purchased without Wisconsin sales and use tax.

## L. Video Games and Amusement Devices

### 1. Total Sales From Video Games and Amusement Devices

Total sales from coin-operated video games and amusement devices, such as pinball machines and mechanical rides, are subject to Wisconsin sales tax.

If the grocer "controls" or is the "operator" of the machine, the grocer is responsible for reporting the Wisconsin sales tax on its total sales from the video games and amusement devices. A grocer is considered to have "control" over or be the "operator" of the video games and amusement devices if the grocer has the right to remove the money or if the grocer owns the video games and amusement devices.

If a grocer receives commissions based on the video game and amusement device sales from a third party who controls the video game or amusement device machine, the commissions received by the grocer are not subject to Wisconsin sales tax. The third party is responsible for reporting the Wisconsin sales tax on the **total sales** from the video games and amusement devices.

### 2. Computing Taxable Receipts From Video Games and Amusement Devices

The method of computing taxable receipts from coin-operated video machines and amusement devices depends on whether or not the grocer conspicuously posts a sign indicating that the price to play the machine or device includes sales tax.

**Sign Conspicuously Posted** - The operator must report the total sales from the video games and amusement devices, including the sales tax, on line 1 of his or her sales and use tax return. If the operator conspicuously posts a sign informing customers that the price includes sales tax, the operator may also claim a deduction on line 4 (line 5 on returns for October 2001 and after) of the sales and use tax return for the sales tax included in line 1.

**Sign Not Conspicuously Posted** - The operator must report the total sales from the video games and amusement devices on line 1 of his or her sales and use tax return. If the operator does not conspicuously post a sign indicating that the price includes sales tax, the operator **may not** claim a deduction on line 4 (line 5 on returns for October 2001 and after) of the sales and use tax return for any sales tax on these sales.

**Example:** Grocer A operates a video game and conspicuously posts a sign indicating that the price includes the 5% Wisconsin sales tax. The total sales from the game are \$500. Grocer A must report the \$500 on line 1 of his sales and use tax return. Since Grocer A conspicuously posted a sign indicating that the price included sales tax, Grocer A may also claim a deduction of \$23.81 on line 4 (line 5 on returns for October 2001 and after) of his sales and use tax return for sales tax included in the price to play the video game. The \$23.81 is computed as follows:  $\$500$  (total sales) divided by  $1.05$  (1 plus tax rate) =  $\$476.19$  (taxable receipts);  $\$500 - \$476.19 = \$23.81$  (tax included in total sales).

**Note:** If the grocer in the above example had not conspicuously posted a sign indicating the prices included sales tax, the grocer would still report the \$500 on line 1 of his or her sales and use tax return, but the grocer **may not** claim a deduction on line 4 (line 5 on returns for October 2001 and after) of the sales and use tax return for sales tax and would report taxable receipts of \$500 instead of \$476.19.

### 3. Purchases of Video Games and Amusement Devices

A grocer's purchases of coin-operated video games and amusement devices and the repairs and parts for the machines are subject to Wisconsin sales or use tax.

## III. OTHER RELATED ITEMS

### A. Discounts, Coupons, and Rebates

Are discounts, coupons, and rebates subject to Wisconsin sales tax? The answer depends on whether the grocer or the manufacturer offers the discount, coupon, or rebate and whether the item being sold is subject to Wisconsin sales tax.

### 1. Manufacturer's Discounts, Coupons, and Rebates

**Manufacturer's Discounts, Coupons, and Rebates - Taxable Items:** Payments received by a grocer from a manufacturer for coupons issued by the manufacturer, redeemed by the grocer, and which entitle the customer to a "free" taxable item or reduce the price paid for a taxable item, are subject to Wisconsin sales tax. A grocer may charge the customer the sales tax due. However, coupon handling fees paid by the manufacturer to the grocer are not subject to Wisconsin sales tax.

**Example - Manufacturer's Coupon for Free Candy Bar:** Customer A receives a manufacturer's coupon for a free candy bar, which normally sells for 75¢. Customer A gives Grocer B the coupon and receives a candy bar. Grocer B then provides the coupon to Manufacturer C, who pays Grocer B 75¢ plus a 10¢ handling fee for the coupon.

Since the candy bar is a taxable item, Grocer B reports the 75¢ as receipts subject to Wisconsin sales tax. Grocer B may charge Customer A the sales tax due on the 75¢. The 10¢ handling fee is not subject to Wisconsin sales tax.

**Example - Manufacturer's Coupon for Reduced Price Laundry Soap:** Customer D purchases a box of laundry detergent which Grocer E sells for \$4. Customer D presents to Grocer E, a coupon from Manufacturer F which entitles Customer D to 50¢ off the \$4 selling price of the detergent. Grocer E provides the coupon to Manufacturer F who pays Grocer E 50¢ plus a 10¢ handling fee for each coupon redeemed. The amount subject to Wisconsin sales tax is \$4, which is the \$3.50 received from Customer D plus the 50¢ received from Manufacturer F. Grocer E may charge Customer D Wisconsin sales tax on the entire \$4. However, the

10¢ handling fee is not subject to Wisconsin sales tax.

**Manufacturer's Coupons and Rebates - Nontaxable Items:** Payments received by a grocer from a manufacturer for coupons issued by the manufacturer, redeemed by the grocer and which entitle the customer to a "free" nontaxable item or reduce the price paid for a nontaxable item, are not subject to Wisconsin sales tax. Coupon handling fees paid by the manufacturer to the grocer are not subject to Wisconsin sales tax.

*Example - Manufacturer's Coupon for Free Orange Juice:* Customer G receives a manufacturer's coupon which entitles Customer G to a free gallon of orange juice. Customer G gives Grocer H the coupon and receives the orange juice, which usually sells for \$2.75. Grocer H provides the coupon to Manufacturer I who pays Grocer H \$2.75 plus a 50¢ handling fee.

Since orange juice is a nontaxable item, the \$2.75 received from Manufacturer I is not subject to Wisconsin sales tax. The 50¢ handling fee is also not subject to Wisconsin sales tax.

*Example - Manufacturer's Coupon for Reduced Price Coffee:* Customer J purchases a can of coffee which Grocer K usually sells for \$10. Customer J presents a coupon from Manufacturer L which entitles Customer J to \$1 off the selling price of the coffee. Grocer K provides the coupon to Manufacturer L who pays Grocer K \$1 plus a 25¢ handling fee for each coupon redeemed.

The \$9 received from Customer J is not subject to Wisconsin sales tax because cans of coffee are not subject to Wisconsin sales tax. The \$1 received from Manufacturer L is not subject to Wisconsin sales tax because the amount is related to an item (can of coffee) which is not subject to Wisconsin sales tax. The 25¢ handling fee is also not subject to Wisconsin sales tax.

## 2. Grocer's Discounts and Coupons

Discounts and coupons offered by grocers are not subject to Wisconsin sales tax. This includes discounts offered by grocers where the grocer "matches" a discount offered by a manufacturer (e.g., double coupon days). No Wisconsin sales tax should be charged on the discounts and coupons offered by grocers. See Part III.A.1. on page 25 for the treatment of manufacturer's coupons.

**Grocer's Discounts and Coupons - Taxable Items:** The following three examples describe the tax treatment of discounts and coupons offered by grocers on taxable items.

*Example - Grocer's Coupon Offered for Reduced Price Item:* Grocer E offers a coupon which entitles customers to 50¢ off the purchase price of a 12-pack of soft drinks. The 12-pack usually sells for \$4.50. Customer F provides Grocer E with the coupon when purchasing the soft drinks along with \$4. Grocer E's total sales subject to Wisconsin sales tax from the soft drinks are \$4 (\$4.50 - 50¢ coupon = \$4). Grocer E should charge Customer F sales tax on the \$4.

*Example - Grocer's Coupon Offered for Free Items - No Purchase Required:* Grocer A offers a coupon which entitles a customer to a free package of napkins. Customer B presents the coupon to Grocer A. Since Grocer A did not have any receipts with respect to the napkins, no sales tax is due on the transfer of the napkins to Customer B. However, Grocer A is liable for Wisconsin sales and use tax on Grocer A's purchase price (cost) of the napkins. Grocer A should not charge Customer B any tax on these napkins.

*Example - Grocer's Coupon Offered for Free Taxable Item - Purchase of Taxable Item Also Required:* Grocer C offers a coupon which entitles a customer to "free" napkins with the purchase of paper plates (a taxable item). Customer D purchases the paper plates and receives the "free" napkins.

Because Customer D is required to purchase a taxable item (paper plates) in order to receive the "free" napkins, Grocer C is considered to have sold Customer D both the paper plates and the napkins. Grocer C should collect sales tax on the total amount received from Customer D. No additional tax is due on the napkins which were "given" to Customer D.

**Example - Grocer's Coupon Offered for Free Taxable Item - Purchase of Nontaxable Item Required:** Grocer E offers a coupon which entitles a customer to a "free" package of napkins with the purchase of frozen chicken (a nontaxable item). The napkins cost the grocer 60¢ per package. Customer F purchases the frozen chicken and receives the "free" napkins.

Because Customer F is required to purchase a nontaxable item (frozen chicken) in order to receive the "free" napkins, Grocer E is considered to have sold Customer F both the frozen chicken and the napkins. The portion of the sale related to the "sale" of the napkins is subject to Wisconsin sales tax.

To determine the amount of Wisconsin sales and use tax due on the "sale" of the napkins, Grocer E may use its cost (60¢) of the napkins and pay the sales tax (60¢ x 5% = 3¢) on that amount. Grocer E may charge Customer F the 3¢ of sales tax due on the napkins.

**Example - Grocer's Coupon Offered for Free Taxable Item - Purchase of Both Taxable and Nontaxable Items Also Required:** Grocer G offers a coupon which entitles a customer to "free" napkins with the purchase of \$20 or more of other items in the grocery store. The napkins cost the grocer 60¢ and normally sell for \$1. The \$20 or more worth of items being purchased by a customer is made up of different taxable and nontaxable items.

Customer H purchases \$15 of taxable items and \$10 of nontaxable items and receives the "free" napkins.

Because Customer H is required to purchase additional items in order to receive the "free" napkins, Grocer G is considered to have sold Customer H both the napkins and the additional items Customer H purchases.

One method of determining the Wisconsin sales and use tax due on this transaction is as follows:

Multiply the \$15 of taxable items times the 5% tax rate to compute the sales tax due (75¢) on these items and add to the 75¢ the tax on Grocer G's cost of the napkins. The tax on the cost of the napkins is 3¢ (60¢ x 5% = 3¢).

Grocer G is liable for the entire 78¢ (75¢ + 3¢) of sales tax on this transaction whether or not all of the tax (78¢) is passed on to Grocer G's customer.

**Grocer's Discounts and Coupons - Nontaxable Items:** Discounts and coupons offered by grocers on *nontaxable* items do not affect the amount of sales subject to Wisconsin sales tax.

**Example - Grocer's Coupon for Free Potato Chips:** Grocer G offers a coupon for a free bag of potato chips. Customer H presents the coupon to Grocer G and receives the potato chips. Grocer G does not report any sales subject to Wisconsin sales tax on this transaction. In addition, since potato chips are an exempt food item, Grocer G is not liable for any Wisconsin sales or use tax on its purchase price of the potato chips.

**Example - Grocer's Coupon for Reduced Price Soup:** Grocer I offers a coupon which entitles customers to 25¢ off the purchase price of a can of soup which usually sells for \$1. Customer J presents



the coupon to Grocer I and pays 75¢ for a can of soup. Since cans of soup are not subject to Wisconsin sales tax, the 75¢ received from Customer J is not subject to Wisconsin sales tax.

## B. Returns and Allowances

If an item is sold and Wisconsin sales tax is collected on the sale of the item, and that item is later returned, a credit may be claimed on the sales and use tax return covering the period in which the return or allowance is provided to the customer.

*Example - Taxable Item Returned:* In June 2001, Customer A purchases paper towels from Grocer B. Grocer B charges Customer A \$2.10 (\$2 plus \$.10 of sales tax) for the paper towels and reports the \$2 of taxable receipts on its June 2001 sales and use tax return. Customer A returns the paper towels to Grocer B in July 2001 and receives a \$2.10 refund. Grocer B may claim a credit of \$2 on its July 2001 sales and use tax return for the refund provided to Customer A with respect to the paper towels Customer A returned.

If an item is sold and Wisconsin sales tax is not collected on the sale of the item and that item is later returned, no credit may be claimed on the sales and use tax return covering the period in which the return or allowance is provided to the customer.

*Example - Exempt Item Returned:* Customer C purchases bread (exempt item) from Grocer D. Grocer D charges Customer C \$1 for the bread. Customer C later returns the bread to Grocer D and receives a \$1 refund. Since the \$1 sale of the bread was not subject to Wisconsin sales tax, Grocer D may not claim a credit of \$1 on its sales and use tax return for the refund provided to Customer C with respect to the bread Customer C returned.

## C. Items Given to Customers for "Free"

**Exempt Items:** When a grocer gives items to its customers for free and the free item (tangible personal property) is exempt from Wisconsin sales

and use tax (e.g., crackers), no tax is due from the grocer or the customer on the item.

*Example - Exempt Item Given Away:* Grocer F provides free crackers for its customers. Since crackers are an exempt food item, neither Grocer F nor the customers are liable for Wisconsin sales or use tax on the crackers.

**Taxable Items:** If taxable tangible personal property is given to customers for free (e.g., samples of laundry detergent), a grocer is liable for Wisconsin sales and use tax when purchasing such property. If the taxable item to be given to customers was acquired by the grocer without tax for resale, the grocer must report Wisconsin use tax based on the cost of the item to the grocer.

*Example - Taxable Items Given Away:* Grocer A purchases 2,000 plastic mugs for \$1,000 from Supplier B. Grocer A provides Supplier B with an exemption certificate claiming resale since Grocer A does not know whether the mugs will be sold or given away. Grocer A decides to give the mugs to the first 2,000 customers. Customers are **not required** to purchase other property to receive the mug. Grocer A is liable for use tax based on the \$1,000 cost of the mugs.

## D. Containers and Other Packaging and Shipping Materials

### 1. General

A grocer's purchases of returnable and non-returnable containers, labels, sacks, cans, boxes, drums, bags, or other packaging and shipping materials are not subject to Wisconsin sales and use tax if the items (e.g., grocery bags) are used to transfer merchandise to the grocer's customers. (See the section below titled "Meat and Meat Product Containers, Packaging and Shipping Materials" for information on meat and meat product containers and packaging and shipping materials.)

*Example - Grocery Bags for Transferring Groceries to Customers:* Grocer A purchases bags used to pack customer's groceries. Customers use the bags to

carry their groceries from the grocery store to their homes. Since the bags are being used to transfer groceries sold to their customers, Grocer A's purchases of the grocery bags are not subject to Wisconsin sales and use tax. Grocer A must provide the supplier of these bags with a certificate of exemption to purchase them without Wisconsin sales and use tax.

## 2. Meat and Meat Product Containers, Packaging and Shipping Materials

Meat casings, wrapping paper, tape, containers, labels, sacks, cans, boxes, drums, bags, or other packaging and shipping materials used in packing, packaging, or shipping meat or meat products are not subject to Wisconsin sales and use tax, even if these items are not used to transfer meat or meat products sold to customers.

*Example - Meat Wrapping Paper Not Used to Transfer Merchandise to Customers:* Grocer B operates a store that is equipped to process meat. Once processed and packaged, the meat is placed on metal racks which are lined with wrapping paper and placed in the freezer until there is room for the meat in the display cases. Even though the wrapping paper used to line the metal trays is not used to transfer the meat to customers, the wrapping paper is exempt from Wisconsin sales and use tax because it is used in packaging and shipping meat from the freezer to the display cases. Grocer B must provide the supplier of the wrapping paper with a certificate of exemption to purchase it without Wisconsin sales and use tax.

### Examples of Containers and Packaging and Shipping Materials Which Qualify for Exemption

Examples of items which qualify for the exemption for containers and other packaging and shipping materials include:

- Containers such as barrels, bottles, cartons, and kegs
- Items used inside a package to shape, form, preserve, stabilize, or protect the contents, including batting, cardboard fillers, cotton, dry ice, excelsior, ice, separators, and shredded paper
- Packaging and shipping materials, including crates, crating material, gummed tape, mailing tubes, pallets, rope, rubber bands, skids, twine, and wrapping paper

### Examples of Containers and Packaging and Shipping Materials Which Do Not Qualify for Exemption

Examples of items which do not qualify for this exemption include:

- Shopping carts, baskets, and similar items
- Wrapping equipment, such as paper holders, tape dispensers, staplers, and string holders
- Counter display cards used for advertising and display purposes
- Computer-produced gummed label mailing lists used to address envelopes. However, labels for envelopes used to transfer merchandise to customers are exempt
- Containers or other packaging and shipping materials used for storage or to transfer merchandise owned by the same person from one location to another (Note: Containers and other packaging and shipping materials used to transfer meat and meat products are exempt even if used for transferring meat and meat products owned by the same person from one location to another.)
- Advertising matter used in Wisconsin in connection with the sale of merchandise

### 3. Deposits on Returnable Containers

Grocers have a choice of whether or not to charge Wisconsin sales tax on deposits for returnable containers. The "net" amount of tax charged and remitted to the Department of Revenue will be the same under either method of reporting.

**Grocer Charges Wisconsin Sales Tax on Deposits:** If a grocer chooses to charge customers sales tax on deposits of returnable containers, then the grocer must also refund the sales tax charged on the deposit when the deposit is refunded to the customer.

Grocers using this method must include on line 1 of their sales and use tax return, the selling price of the item, the deposit on the container, and the sales tax charged. The grocer may claim a deduction on line 4 (line 5 on returns for October 2001 and after) of its sales and use tax return for the sales tax included on line 1.

When the deposit is returned to the customer, the grocer must refund the deposit plus the sales tax charged on the deposit. The grocer may claim a deduction on line 4 (line 5 on returns for October 2001 and after) of its sales and use tax return which covers the date the refund is given to the customer, for the amount of deposit refunded to the customer.

**Grocer Does Not Charge Wisconsin Sales Tax on Deposits:** If a grocer chooses not to charge Wisconsin sales tax on deposits, then the grocer should not refund any sales tax to the customer when the deposit is refunded.

Grocers using this method must include on line 1 of their sales and use tax return, the selling price of the item, the deposit on the container and the sales tax charged. The grocer may claim a deduction on line 4 (line 5 on returns for October 2001 and after) of its sales and use tax return for the sales tax and deposits included on line 1.

When the deposit is returned to the customer, the grocer should refund only the deposit (no sales tax) to the customer. The grocer must

not claim a deduction on its sales and use tax return for the deposit returned to the customer because the grocer did not previously report the deposit as a taxable sale.

**Note:** If no Wisconsin sales tax is charged on deposits and the deposits are not refunded to customers (i.e., customer does not return container), the grocer is liable for Wisconsin sales tax on the deposit at the time the deposits are recognized as income for income tax purposes.

**Example - Deposits on Containers:** The following example shows what amounts a grocer should report on his or her sales and use tax return relating to the sales of taxable property and deposits on containers.

Assume the following facts apply:

- Customer C purchases 2 barrels of beer (1 from Grocer A and 1 from Grocer B). Grocer A and Grocer B each charge Customer C \$25 for the barrel of beer and a deposit of \$10 on each of the barrels. The deposits are refunded to Customer C when the barrel is returned.
- **Tax Charged on Deposit: Grocer A** charges Customer C the following: \$25 for the beer, \$10 for the deposit on the barrel and \$1.75 sales tax ( $\$35 \times .05 = \$1.75$ ). Grocer A gives Customer C \$10.50 (\$10 plus tax) when he returns the barrel for his deposit.
- **No Tax Charged on Deposit: Grocer B** charges Customer C the following: \$25 for the beer, \$10 for the deposit on the barrel and \$1.25 sales tax ( $\$25 \times .05 = \$1.25$ ). Grocer B gives Customer C \$10 when he returns the barrel for his deposit.

The following tables indicate the amounts Grocer A and Grocer B should report on each line of their Wisconsin sales and use tax returns to report the sale (Table 3) and refund of deposit (Table 4) to Customer C. The line numbers in the left column of

Tables 3 and 4 are references to specific lines on the Wisconsin sales and use tax return. The amounts in the center and right columns of Tables 3 and 4 are the amounts Grocers A and B respectively, should report on their Wisconsin sales and use tax return.

**Table 3 – Amounts to Report at Time of Sale**

Form ST-12	Grocer A - Tax Charged on Deposit	Grocer B - Tax Not Charged on Deposit
Line 1	\$36.75	\$36.25
Line 4*	\$1.75	\$11.25
Line 6**	\$35.00	\$25.00

- a. The sale is of tangible personal property (other than inventory held for sale) which was previously used by the seller to conduct a trade or business at a particular location, and
- b. The sale occurs after the seller ceases operating as a seller of tangible personal property or taxable services at that location.

A sale meeting the above two conditions is not subject to Wisconsin sales and use tax, even though the seller holds a seller's permit for one or more other locations at the time of the sale.

**Example - Sale of Assets by a Business Which Has Ceased to Operate:**

Grocer C ceases actively operating as a seller of tangible personal property and taxable services on June 1, 2001. Grocer C sells its business assets (other than inventory) on July 1, 2001. Since the items Grocer C is selling are personal property previously used in its business and Grocer C has ceased operating at that location, the sale of the business assets by Grocer C is exempt from Wisconsin sales and use tax as an occasional sale.

**Table 4 – Amounts to Report When Deposit Refunded**

Form ST-12	Grocer A - Tax Charged on Deposit	Grocer B - Tax Not Charged on Deposit
Line 1	\$0	\$0
Line 4*	\$10	\$0
Line 6**	(\$10)	\$0

\*Line 5 on returns for October 2001 and after  
 \*\*Line 7 on returns for October 2001 and after

**Example - Sale of Assets by a Continuing Business:**

Grocer A holds a Wisconsin seller's permit and sells used shelving to Customer B for \$1,000. Since Grocer A holds a seller's permit at the time of the sale and is continuing to operate at the location where the shelving was located, the \$1,000 is subject to Wisconsin sales tax.

**E. Equipment and Business Asset Sales and Purchases**

**1. Sales of Equipment and Business Assets**

Sales of equipment and business assets that are tangible personal property (e.g., equipment, furniture, and fixtures) are subject to Wisconsin sales tax if a grocer holds or is required to hold a seller's permit at the time of sale. However, sales of equipment and business assets are not subject to Wisconsin sales and use tax if the following conditions are met:

**2. Purchases of Equipment and Business Assets**

Purchases of equipment and business assets which are stored, used, or consumed in Wisconsin are subject to Wisconsin sales and use tax. See Part I.E. on page 2 for the difference between Wisconsin sales and use tax.

**Exception:** If the seller of the equipment and business assets qualifies for the occasional sale exemption on its sale of such items, the purchaser does not owe Wisconsin sales or use tax on its purchase of the items. For information about the occasional sale exemption for sales of business assets, see Publication 201, *Wisconsin Sales and Use Tax Information*, Section XV.

Examples of purchases of equipment and business assets which are subject to Wisconsin sales and use tax include the following:

- Refrigerated display cases, condensing units, and shelving systems
- Check-out counters, cash registers, and computer scanning systems
- Moveable display racks, office furniture, and material handling equipment
- Walk-in cold storage units that are not a component part of a building

**Example:** Grocer A purchases a rack which will be used to display various products offered for sale. The purchase of the rack by Grocer A is subject to Wisconsin sales and use tax.

#### **F. Purchases of Supplies and Repairs**

A grocer's purchases of supplies and repairs to tangible personal property used in conducting their business are subject to Wisconsin sales and use tax. If the grocer does not pay Wisconsin sales or use tax to the supplier of the repairs and supplies at the time they are purchased, the grocer is liable for Wisconsin use tax on such purchases.

Examples of items which a grocer may purchase and use in their business and which are subject to Wisconsin sales and use tax include:

- Office and store supplies used by the grocer, including pens, pencils, paper, and cash register tapes
- Employee uniforms, including smocks, aprons, hair nets, and name tags

- Training materials, including tapes and manuals
- Cleaning supplies, including brooms, chemicals, and mops
- Advertising and display racks and signs
- Repairs to equipment and other tangible personal property unless the equipment is exempt from tax (e.g., equipment used directly and exclusively in manufacturing)

#### **IV. COUNTY SALES AND USE TAX**

Sales and purchases of tangible personal property or taxable services subject to Wisconsin sales and use tax may also be subject to the 0.5% county sales and use tax. For additional information on the county tax, see Publication 201, *Wisconsin Sales and Use Tax Information*, Section XVIII.

#### **V. BASEBALL AND FOOTBALL STADIUM SALES AND USE TAX**

Sales and purchases of tangible personal property or taxable services subject to Wisconsin sales and use tax may also be subject to the 0.1% baseball stadium sales and use tax if the sale is made in Milwaukee, Ozaukee, Racine, Washington, or Waukesha county, or subject to the 0.5% football stadium sales and use tax if the sale is made in Brown County. For additional information on the baseball and football stadium taxes, see Publication 201, *Wisconsin Sales and Use Tax Information*, Section XVIII.

#### **VI. LOCAL EXPOSITION TAX**

Sales of food and beverages which are subject to the 5% Wisconsin state sales tax may also be subject to the 0.25% food and beverage local exposition tax if the sale takes place in a municipality located wholly or partially in Milwaukee County. For additional information on the 0.25% food and beverage local exposition tax, see Publication 410, *Local Exposition Taxes*.

#### **VII. PREMIER RESORT AREA TAX**

Sales of tangible personal property and taxable services subject to Wisconsin sales tax may also be subject to the 0.5% premier resort area tax if: (1) the

retailer is "engaged in business" in the premier resort area, (2) the sale or rental of the tangible personal property or taxable service has a "situs" in a premier resort area, and (3) the retailer is classified in the Standard Industrial Classification (SIC) Manual, 1987 Edition, under certain SIC codes. For additional information on the 0.5% premier resort area tax, including a listing of the applicable SIC codes, see Publication 403, *Premier Resort Area Tax*.

## VIII. RECORDKEEPING

### A. General

If you are required to have a seller's permit, consumer's use tax certificate, or use tax certificate, you must keep adequate records so that you, as well as the Department of Revenue, can determine the correct amount of tax due.

### B. Records to Keep — Exempt Sales

If you claim that part or all of your retail sales of tangible personal property or taxable services are not subject to Wisconsin sales and use tax, you must keep records to support the exemptions claimed.

The reason for keeping such records is because all sales are taxable until the contrary is established. The grocer has the burden of proving that a sale of tangible personal property or taxable services is not subject to Wisconsin sales tax, unless: (a) the grocer receives an exemption certificate in good faith from the purchaser, or (b) the grocer has the other records and information as described in Part C. 1 through 3 below.

### C. Common Exemptions and Records Needed to Support the Exemptions Claimed

Common reasons that sales of tangible personal property or taxable services by a grocer may not be subject to Wisconsin sales tax and the records to keep to support the exemptions are as follows:

1. **Exempt Food Items** - Sales of certain food, food products and beverages for human consumption are not subject to Wisconsin sales

tax. Although the grocer is not required to obtain any information from the purchaser for these types of sales, the grocer must maintain records which support the amount of exemption claimed for sales of these types of items.

**Note:** Items 2 and 3 below apply only to purchases of items other than exempt food, food products, and beverages as described in 1.

2. **Items Being Resold by the Purchaser** - Sales of items are not subject to Wisconsin sales tax if the purchaser furnishes the grocer an exemption certificate claiming resale and the grocer accepts the certificate in good faith. The grocer must keep the exemption certificate provided by the purchaser to support the exemption from sales tax.

**Example:** Grocer A sells soda to Caterer B. Caterer B is going to resell the soda to its customers. Caterer B must provide Grocer A with an exemption certificate claiming resale to purchase the soda without Wisconsin sales tax.

3. **Sales to Governmental Agencies and Exempt Entities** - Sales to a Wisconsin or federal governmental agency or to a nonprofit organization that holds a certificate of exempt status (CES) number issued by the Wisconsin Department of Revenue are exempt from Wisconsin sales tax.

Sales to Wisconsin and federal governmental agencies, municipalities, and public schools may be supported by either: (a) a copy of the purchase order or similar written document identifying the governmental unit as the purchaser, (b) an exemption certificate, or (c) by recording the CES number on the copy of the invoice kept by the grocer.

Sales to nonprofit organizations (e.g., churches) must be supported by either: (a) an exemption certificate from the organization, or (b) by recording the CES number on the sales invoice kept by the grocer.

**Note:** If exemptions are claimed for any of the above reasons, the seller must keep the completed exemption certificates, purchase orders, invoices, or statements mentioned above to prove that the sales were not subject to Wisconsin sales tax.

Milwaukee	819 N. Sixth St.	(414) 227-4444
Racine	616 Lake Ave.	(262) 638-7500
Waukesha	141 NW Barstow	(262) 521-5310

The offices providing assistance daily are open 7:45 a.m. to 4:30 p.m., except that during the period April 16 through December 31, the Green Bay, Racine, and Waukesha offices are only open mornings and the Kenosha office is only open on Monday and Wednesday mornings.

#### D. How Long Must the Records be Kept?

Grocers must keep the records and exemption certificates to support the amounts reported and deductions claimed on the sales and use tax returns for a **minimum** of four years after: (a) the due date of the Wisconsin income or franchise tax return filed, (b) the dissolution of the business, or (c) the date any sales and use tax return required to be filed was filed, whichever is later.

**Caution:** If a grocer is being audited, any written agreement between a grocer and the Department of Revenue which extends the time period upon which the department is authorized to determine the correct tax liability of the grocer, also extends the time the records must be kept.

#### Offices Providing Assistance on Monday Mornings Only

Location	Address	Telephone
Baraboo	1000 Log Lodge Ct.	(608) 356-8973
Beaver Dam	220 Seippel Blvd.	(920) 356-6090
Elkhorn	715 W. Walworth St.	(262) 723-4098
Fond du Lac	845 S. Main	(920) 929-3985
Grafton	1930 Wisconsin Ave.	(262) 375-7948
Hayward	100 Ranch Rd.	(715) 634-8478
Hudson	1810 Crestview Dr.	(715) 381-5060
Janesville	101 E. Milwaukee	(608) 758-6190
La Crosse	620 Main	(608) 785-9720
Lancaster	130 W. Elm	(608) 723-2641
Marinette	1926 Hall Ave.	(715) 732-7565
*Marshfield	300 S. Peach Ave.	(715) 387-6346
*Monroe	1015 18th St.	(608) 325-3013
Oshkosh	515 S. Washburn	(920) 424-2100
Rhineland	203 Schiek Plaza	(715) 365-2666
Rice Lake	11 E. Eau Claire St.	(715) 234-7889
Sheboygan	807 Center Ave.	(920) 459-3101
Superior	1225 Tower Ave.	(715) 392-7985
Tomah	203 E. Clifton St.	(608) 372-3256
*Watertown	600 E. Main St.	(920) 262-2700
Wausau	710 Third St.	(715) 842-8665
Wisconsin Rapids	830 Airport Ave.	(715) 421-0500

### IX. ANY QUESTIONS?

#### A. Department of Revenue Assistance

If you have any questions about Wisconsin sales and use taxes, call or visit any Department of Revenue office or write to:

Write . . . Wisconsin Department of Revenue  
PO Box 8902  
Madison, WI 53708-8902

Fax . . . (608) 267-1030

E-Mail . . . [sales10@dor.state.wi.us](mailto:sales10@dor.state.wi.us)

Visit our website. . . [www.dor.state.wi.us](http://www.dor.state.wi.us)

Call or stop in . . .

#### Offices Providing Daily Assistance (Monday-Friday)

Location	Address	Telephone
Appleton	265 W. Northland	(920) 832-2727
Eau Claire	718 W. Clairemont	(715) 836-2811
Green Bay	200 N. Jefferson St.	(920) 448-5179
Kenosha	4003 80th St.	(262) 697-5860
Madison	2135 Rimrock Rd.	(608) 266-2776

\* Scheduled to close June 30, 2002

#### B. Other Information

##### 1. Sales and Use Tax Report

The *Sales and Use Tax Report* is published one or more times each year by the Department of Revenue and is mailed without charge to all persons holding a seller's permit or use tax registration certificate. It includes general information about sales and use tax, including new tax laws enacted by the legislature.

## 2. Publications

You may obtain the following sales and use tax publications from any Department of Revenue office.

Number	Name
200	Electrical Contractors
201	Wisconsin Sales and Use Tax Information
202	Motor Vehicle Sales, Leases and Repairs
203	Manufacturers
205	Do You Owe Use Tax? (Individuals)
206	Sales Tax Exemption for Nonprofit Organizations
207	Contractors
210	Landscaping
211	Cemetery Monument Dealers
214	Do You Owe Use Tax? (Businesses)
216	Filing Claims for Refund of Sales or Use Tax
217	Auctioneers
219	Hotels, Motels, and Other Lodging Providers
221	Farmers and Farm Suppliers
222	Motor Vehicle Fuel Users
223	Bakeries
224	Veterinarians
225	Barber and Beauty Shops
226	Golf Courses
227	Sales Internet Process (E-file)
403	Premier Resort Area Tax
410	Local Exposition Taxes

## 3. Wisconsin Tax Bulletin

The *Wisconsin Tax Bulletin* is a quarterly publication of the Department of Revenue which is distributed to those persons who have purchased a subscription to it. The Bulletin includes information on most taxes administered by the Department of Revenue, including sales and use, income, franchise, and excise taxes. It includes up-to-date information on new tax laws, interpretations of existing laws, and information on filing re-

turns. It gives brief excerpts of major Wisconsin tax cases decided by the Wisconsin Tax Appeals Commission and the courts.

A subscription, which costs \$7 per year, may be obtained by writing to: Department of Administration, Document Sales, PO Box 7840, 202 South Thornton Avenue, Madison, WI 53707-7840.

## 4. Rules - Wisconsin Administrative Code

The *Wisconsin Administrative Code* includes administrative rules that interpret the Wisconsin Statutes. Rules have the force and effect of law. The Department of Revenue has adopted a number of rules pertaining to sales and use tax.

A book of the administrative rules of the Department of Revenue may be obtained from: Department of Administration, Document Sales, PO Box 7840, 202 South Thornton Avenue, Madison, WI 53707-7840. A subscription update service which provides all new Department of Revenue rules and changes to existing rules is also available from Department of Administration, Document Sales.

## 5. Topical and Court Case Index

The *Topical and Court Case Index* is a two-part index. The first part (a Topical Index) will help you find the particular Wisconsin Statute, administrative rule, *Wisconsin Tax Bulletin* tax release, private letter ruling, or Attorney General opinion that deals with your questions. The second part of the index (a Court Case Index) will help you find court decisions relating to your questions.

The *Topical and Court Case Index* is available for \$18 (plus sales tax) per copy. That price includes an addendum of updated information which will be provided in May. Copies can be purchased from: Wisconsin Department of Administration, Document Sales, PO Box 7840, 202 South Thornton



Avenue, Madison, WI 53707-7840 (telephone  
(608) 266-3358).

have any suggestions to improve this publication,  
please either call or write to:

**X. ANY SUGGESTIONS?**

The Department of Revenue wants this publication to  
be as complete and informative as possible. If you

Attn: Administration Technical Services  
Wisconsin Department of Revenue  
PO Box 8933  
Madison, WI 53708-8933  
(608) 266-7166